

Kite & Key

ELECTRIFYING COVERAGE OF THE 2006 NATIONAL FLOOD CONFERENCE

Hear ye! Hear ye!
**Tuesday's
Docket!**



Tuesday, May 9, 2006

5K Run & 1-Mile Fun Walk
— CANCELED —

Breakfast & Exhibit Hall Open
7:00–8:30 & 7:00–9:00 a.m.

Agents Day Workshop
7:00 a.m.–4:30 p.m.

Town Halls (W'shops 16-20)
9:00–11:00 a.m.

Lunch on Your Own &
Exhibit Hall Open
11:00 a.m.–1:00 p.m.

Workshops 21-25 & 26-31
1:30–2:45 & 3:15–4:30 p.m.

Philadelphia, PA



FEMA

First Insurer Opens Flood Conference

Regaling the audience with stories about the first volunteer fire companies and subsequent creation of fire insurance, the 300-year-old founder of America's first insurance company and revered Philadelphian, the Honorable Dr. Benjamin Franklin (Dean Bennett), welcomed conferees to the opening general session of the National Flood Conference.



Benjamin Franklin

Region III Welcome

Master of Ceremonies, Mike Moye, introduced the next speaker, Patricia Arcuri, Acting Director of FEMA Region III, head-



*Patricia Arcuri,
FEMA Region III*

quartered in Philadelphia. Ms. Arcuri shifted the morning's focus to the challenges faced by FEMA and the NFIP in the wake of the devastating 2005 hurricane season. "I look forward to this professional group sharing their collective experiences, analyzing the actual and proposed changes [to the program] and, most importantly, crafting a path forward for the NFIP of the future," she said.

A Program That Works

Federal Insurance Administrator and Director of FEMA's Mitigation Division, David Maurstad, presented the morning's keynote speech.

Mr. Maurstad began by thanking all Program partners for the support provided in the aftermath of last year's catastrophic hurricane season. He continued by providing a picture of the enormity of losses resulting from Hurricanes Katrina, Rita, and Wilma.

"Nearly 90,000 square miles were hit by Katrina—roughly the size of Oregon—directly affecting 1.5 million people," stated the Director. "Although Louisiana, Mississippi, Alabama, and Florida were directly hit, 44 states received emergency declarations following the storm—the most for any single disaster in FEMA history."



*David Maurstad, FEMA
Mitigation Division*

"Katrina displaced more than 771,000 people, resulting in the most significant mass migration of the country's population since the Dust Bowl of the 1930s," Mr. Maurstad continued. "Hurricanes Katrina, Rita, and Wilma were unparalleled flooding events that struck the heart of one of the nation's largest policy bases. We expect the total NFIP payout to exceed \$23 billion—\$8 billion more than all claims paid in the Program's entire 38-year history."

Mr. Maurstad compared the anticipated \$22 billion needed for payment of NFIP claims just for Katrina losses to the \$1.1 billion paid for the NFIP's first billion-dollar storm, Tropical Storm Allison in 2001, and the combined Fall 2004 hurricanes that crossed Florida and resulted in 75,000 claims totaling nearly \$2 billion.

"Since the end of the 2005 hurricane season, Gulf Coast policyholders have filed more than 241,000 NFIP claims and,

most importantly, more than 95 percent of these claims have been closed,” the Director stated.

Mr. Maurstad next highlighted several initiatives that facilitated the NFIP’s response to last year’s unprecedented losses. These included the waiver of the NFIP’s proof of loss requirement, advance payments for contents coverage, use of aerial mapping to identify losses, creation of a dedicated “help line” and a general insurance center to answer claim and coverage questions, and use of unusual strategies to locate displaced policyholders.

The Director described how the new *Summary of Coverage and Claims Handbook* documents were used during the 2005 hurricane season; presented updates on severe repetitive loss and subsidy reduction, agent training, and map modernization initiatives; and explained efforts to provide Advisory Base Flood Elevations to support wise rebuilding efforts in Gulf Coast states.

In Conclusion

Mr. Maurstad concluded his remarks with a report on the NFIP’s financial status and a description of several potential NFIP reforms under discussion, such as building a reserve and purchasing reinsurance. He closed with a statement he has made repeatedly when testifying before Congress:

“Every single NFIP claim represents someone who did the right thing by purchasing flood insurance. Every single claim represents a WYO company, an insurance agent, who did the right thing by ensuring that the property owner was well protected with a flood insurance policy,” said the Director. “We not only have a legal obligation to honor our commitments, we have a moral obligation to provide the coverage the Federal government promised.”

[Mr. Maurstad’s remarks will be available in their entirety in an upcoming edition of the NFIP’s *Watermark* newsletter. All conference attendees will receive a copy.]

Honoring Stakeholder Successes

Yesterday, several NFIP partners were recognized for activities undertaken during Fiscal Year 2005—October 1, 2004, through September 30, 2005.

Agency of the Year Awards

This award is given to three insurance agencies that display innovative marketing strategies, increase their flood portfolios, and actively promote flood awareness.



Accepting Agency of the Year Awards were (l to r): Warren Borhorst, Warren Borhorst Agency; Deborah Brant, IKM Agency; and Irene Sabourin, John O. Bronson Agency.

Administrator’s Club Award

The Administrator’s Club Award is bestowed upon Write Your Own (WYO) companies in recognition of their contributions to the growth of the NFIP. Winners are divided into five groups that represent policy base thresholds.

This year’s winners were Selective Insurance Company of America, American Reliable Insurance Company, MAPFRE PRAICO Insurance Company, Federated National Insurance, and Franklin Homeowner’s Assurance Company.

Administrator’s Club Trophy

The WYO company that experienced the highest percentage of overall growth is awarded the Administrator’s Club trophy. The Administrator’s Club trophy winner this year was the MAPFRE PRAICO Insurance Company.

Administrator’s Quill Award

This award recognizes the WYO company with the highest percentage of overall growth, excluding rewritten policies. The Administrator’s Quill Award was given this year to Selective Insurance Company of America.

Special Recognition Award

Howard Leikin, former Deputy Federal Insurance Administrator, received a special recognition award for his dedication and many contributions to FEMA’s Mitigation Division in the months following Hurricane Katrina.



Last Chance to Cast Your Vote

Public awareness materials such as brochures, flyers, and ads help NFIP stakeholders and the public better understand flood risk and protection.

Today will be your last chance to cast your vote for your favorites among the public awareness materials submitted by WYO companies. Stop by the Exhibit Hall and pick your favorites at last booth on the right.

Winners will be announced at the Closing Breakfast tomorrow morning.

Popular Game Show Returns

Did you miss the “standing room only” FloodSmart game show that debuted at the National Flood Conference last year? Mark your schedule now to attend this year’s “Philly Squares” game show in the Liberty Ballroom at 3:15 p.m. today.

Join our celebrity guests (yes, even David Maurstad will be taking a Philly Square this afternoon) for a humorous and entertaining look at flood insurance marketing and education!